

Rand A Technology Corporation

1999 Annual Report





Corporate **Profile**

RAND Worldwide™ is a global leader in providing knowledge-based solutions to organizations with engineering design and information technology requirements. By lowering product development costs and reducing the time required to bring new products to market, the RAND Worldwide integrated-solutions approach has helped over 20,000 customers globally to become more competitive and profitable.

In addition to its internationally renowned Mechanical Design Automation solutions, RAND Worldwide offers a portfolio of internally developed software and professional services that make its customers' mission-critical systems more robust and efficient. Our customer support provides companies the services and technical assistance that completes their total-solution needs. Currently, RAND Worldwide employs 1,100 professionals in over 100 offices located around the globe. At RAND Worldwide we recognize that our future lies in providing knowledge-based solutions that assist our customers to achieve increased profitability from all aspects of their operations.

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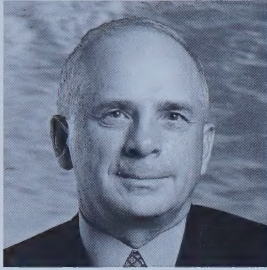


Currency Note - All dollar figures are listed in Canadian funds unless otherwise stated.

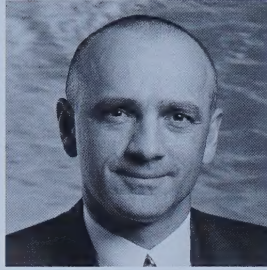
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RAND Worldwide is a pending trademark.

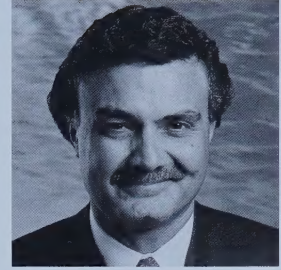
Message to Our Shareholders



DENNIS SEMKIW
CHAIRMAN OF THE BOARD



BRIAN SEMKIW
CHIEF EXECUTIVE OFFICER



FRANK BALDESARRA
PRESIDENT AND
CHIEF OPERATING OFFICER

In today's global marketplace, companies are under constant pressure to bring products to market faster, at lower cost, and with better quality than ever before. Time-to-market for some products has been reduced from months, to weeks, to even days. As a result, computer technology that contributes to meeting increasingly stringent productivity goals is having an overwhelming impact on product design and manufacturing in every industrialized country in the world.



Rand A Technology Corporation ("RAND Worldwide" or the "Company") has continued to evolve in achieving its overall objectives. The Company's success and future lies in providing knowledge-based solutions that assist our customers to achieve increased profitability from all aspects of their engineering operations. By lowering product development costs and reducing the time required to bring new products to market, the RAND Worldwide integrated solutions approach has helped companies to become more competitive and profitable. RAND Worldwide's increasing value to our customers is evidenced by growth in all aspects of the business.

We continue to provide products and services to our customers, which enable them to achieve their strategic goals. In 1999, we expanded our inside sales capabilities and we began to formulate our e-commerce strategy. During the year, RAND Worldwide continued to attract the very best technologies that the world has to offer. The Company invested significantly in research and development of our own proprietary software products. Today, RAND Worldwide is able to offer our customers the very best in Mechanical Design Automation Solutions and Hardware and IT Solutions.



RAND Worldwide experienced strong growth in 1999. Worldwide revenue increased 47.0% over the previous year, to \$440.4 million. All aspects of our business showed significant growth over 1998. Services business, which includes training and consulting, increased by 44.8% to \$121.9 million. Software business increased by 111.0% to \$159.7 million and our Hardware and IT business grew by 13.7% to \$158.9 million.

Although, at 41.9%, the gross profit percentage was consistent with the previous year, operating earnings were \$35.0 million in 1999, as compared to \$18.8 million in 1998. Net earnings were \$12.5 million, compared to a loss of \$6.8 million in 1998. Improved earnings were due, in part, to better utilization of our facilities, improved productivity from our personnel, benefits from the sale of proprietary software, and the impact of our amended Master Distributor Agreement with Parametric Technology Corporation ("PTC"). The amended PTC Agreement provides RAND Worldwide with access to a larger and broader customer base and thereby enhancing the opportunity for greater profitability.

RAND Worldwide would like to take this opportunity to thank our employees for their commitment to the Company and our customers over the last year. Without them, our success would not be possible. We would also like to extend our gratitude to our shareholders for their continued support while we continue to chart our future.



On behalf of the Board,

DENNIS SEMKIW
CHAIRMAN OF THE BOARD

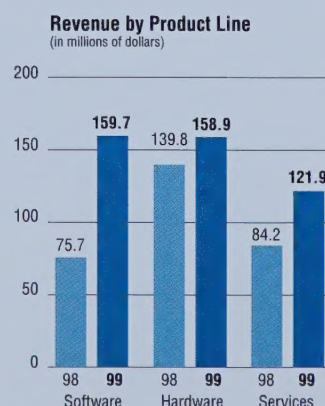
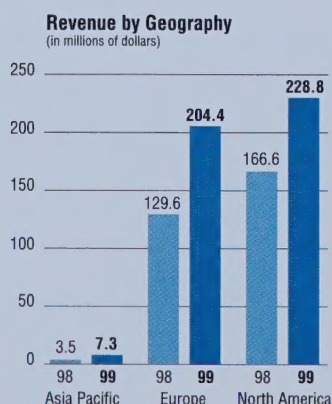
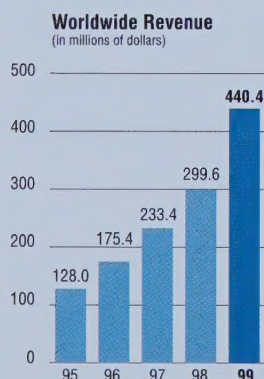
BRIAN SEMKIW
CHIEF EXECUTIVE OFFICER

FRANK BALDESARRA
PRESIDENT AND CHIEF OPERATING OFFICER



1999 Operational & Performance Highlights

- On December 23, 1999, the Company announced that it had reached an agreement with PTC to amend and extend its existing Agreement (the “PTC Agreement”) under which RAND Worldwide is the Master Distributor of PTC products to the small to mid-sized business market. The amended PTC Agreement gives the Company the exclusive right to distribute Pro/ENGINEER® software products to companies with revenues of up to \$50.0 million U.S. in North America. Under the previous Agreement, distribution of Pro/ENGINEER products was limited to companies with revenues under \$10.0 million U.S.
- The Company established a research and development facility in Cork, Ireland in order to centralize the development of new and custom software applications.
- Our European and Asian business provided strong revenue growth for RAND Worldwide, producing year over year growth rates of 57.7% and 108.6%, respectively.
- All product lines delivered significant year over year revenue growth with software, hardware and services revenue growing by 111.0%, 13.7% and 44.8%, respectively.
- The Company completed the sale of one of its internally developed software products, ModelCHECK™, to PTC, for \$29.5 million (\$20.0 million U.S.). This product allows companies to define their corporate modelling standards for Pro/ENGINEER solid models and drawings and then automatically check every model against the standards. We consider this sale to be a strong confirmation of the success of RAND Worldwide’s research and development activities.



Selected 1999 **Financial** Highlights

Rand A Technology Corporation



RUI MALHINHA
CHIEF FINANCIAL OFFICER

Income Statement

(in thousands of dollars)	1999	1998	1997	1996	1995
Revenue	\$ 440,411	\$ 299,641	\$ 233,433	\$ 175,374	\$ 127,967
Cost of Sales	256,077	170,977	133,822	99,500	72,973
Gross Profit	184,334	128,664	99,611	75,874	54,994
Operating Expenses	149,320	109,846	76,435	59,748	44,514
Operating Earnings (EBITDA) before:	35,014	18,818	23,176	16,126	10,480
Depreciation, Amortization and Interest	15,957	5,543	1,573	1,288	693
Earnings before Income Taxes, Unusual Items and Goodwill Amortization	19,057	13,275	21,603	14,838	9,787
Earnings (Loss) before Income Taxes and Goodwill Amortization	19,057	(2,781)	21,603	14,838	9,787
Earnings (Loss) before Goodwill Amortization	13,535	(5,642)	12,919	8,763	5,628
Net Earnings (Loss)	\$ 12,470	\$ (6,825)	\$ 12,230	\$ 8,249	\$ 5,319



Balance Sheet

(in thousands of dollars)	1999	1998	1997	1996	1995
Working Capital	\$ 32,074	\$ 20,844	\$ 52,836	\$ 44,051	\$ 23,107
Total Assets	199,555	184,942	133,188	93,250	57,012
Long-term Debt	10,696	5,877	—	176	376
Shareholders' Equity	\$ 82,066	\$ 74,805	\$ 69,910	\$ 55,150	\$ 30,579

RUI MALHINHA
CHIEF FINANCIAL OFFICER

RAND Worldwide continues to maintain a unique position in the marketplace. We are the leading independent, knowledge-based solutions provider in the world. The Company upholds to the standard of delivering only the “best-in-class” technologies to our customers. We are constantly expanding our global knowledge base, engineering base and consulting skills to anticipate, as well as respond to, our customers’ needs.

We believe that one day a product’s greatness will be defined by its relationship with RAND Worldwide.

By working with many of the world’s leading inventors and developers of products and services, RAND Worldwide will help provide total solutions to its customers. Our goal is to be at the conceptual leading edge in the development of new products and services so that we can deliver their benefits to our customers at the earliest stages, when they make the greatest contribution to productivity.

We are able to demonstrate the measurable economic benefits on the basis of successful long-term relationships with leading companies around the world. In the post-millennium world, RAND Worldwide intends to remain solidly in the first rank of companies able to deliver unique technology solutions that have direct, positive consequences on our customers’ bottom-line performance.

We firmly believe that technology will continue to change, however, RAND Worldwide’s relationships with our customers will last forever.





PROVIDING
KNOWLEDGE-BASED SOLUTIONS

FOCUS

ON THE MARKET



THE FOUR CONSTANTS OF TECHNOLOGY

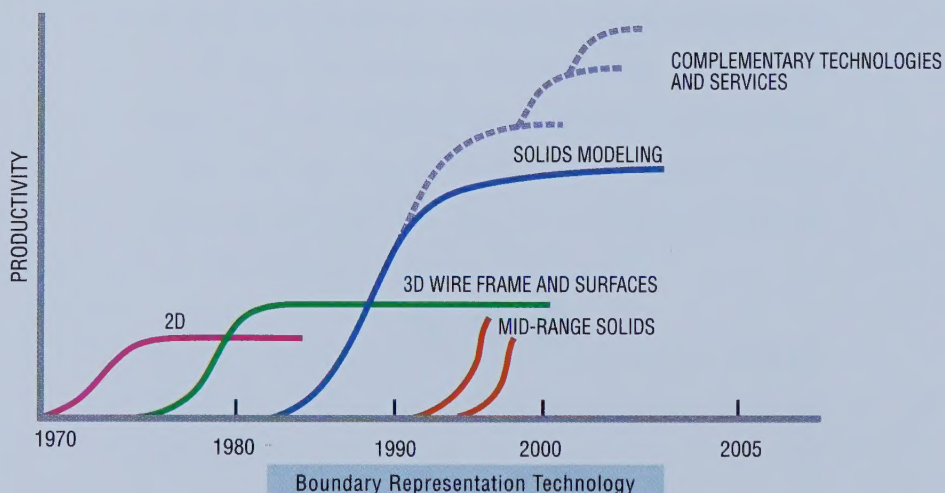
Through its commitment to addressing the four constants of engineering technology, the Company is well prepared to meet, and profit from, the challenges of the new millennium. We expect that certain constant elements of technology will never change:

1. THE LIFE CYCLE OF NEW TECHNOLOGIES

Every successful new technology experiences the same stages in a typical life cycle. After its conception, it grows rapidly, contributing increased productivity to those who adopt it. After a time, its contribution to productivity reaches a peak and holds at that level. It is eventually superseded by a new technology that takes over its role and goes through a similar cycle. The Company has constantly sought to identify these new technologies at the beginning of their life cycle – when they can make the greatest contribution to customer productivity. In 1999, the Company increased its efforts in developing its own technology. This development is always driven by what our customers are telling us is important to them.



S-Curves of Technology

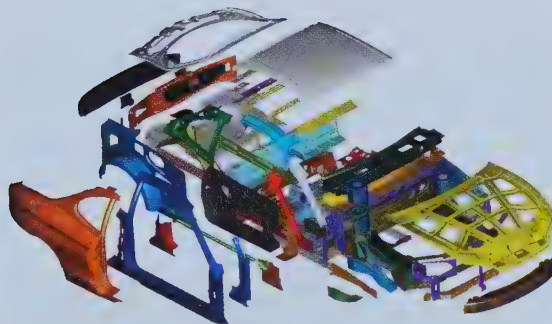


2. THE PRODUCTIVITY IMPERATIVE

In a highly competitive and increasingly open global marketplace, companies are under constant pressure to bring their products to market faster, at lower cost, and with better quality. The skillful application of computer technology to product design and manufacturing has been proven to be one of the most effective ways of achieving demanding productivity goals. Companies are beginning to collaborate on product design, using the Internet as a powerful communication and productivity tool. We expect that this trend will develop rapidly. New products that RAND Worldwide carries or develops will be responsive to emerging productivity tools in the marketplace.

3. THE DEMAND FOR IMPROVED EARNINGS

As investment capital flows between the world's equity markets with increasing speed, senior managers must find new ways to increase earnings and attract investors. In the new millennium era, the introduction of new technologies will be as much a financial as an operational decision. For this reason, knowledge-based solutions providers must be able to demonstrate that the technologies they wish to introduce will achieve measurable economic benefits.



4. TECHNOLOGICAL ADVANCEMENTS

We fully expect that the speed of technological development will continue to rapidly increase. However, the early inventors of the core technologies in our industry have a demonstrable lead in market share. The technology developed by these early pioneers have become operating systems. Our focus going into the new millennium will be on expanding the use of these core technologies and providing new technologies and services, which enhance the productivity of the core technologies in our industry.

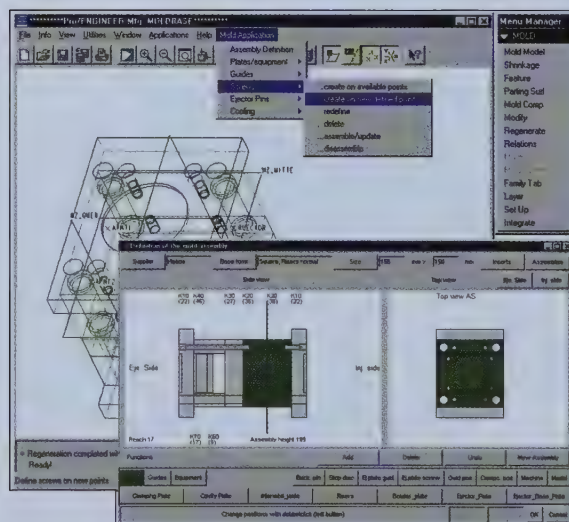
INDUSTRY TODAY

Given the speed of technological advancement, the industry today is struggling with the question:

“How does the industry sell more complex technology, to more users, for less money, with fewer resources?”

RAND Worldwide is the answer to the industry dilemma.

We believe that the Internet will prove to be the tool that will address this issue. RAND Worldwide is rapidly positioning itself to take advantage of this opportunity.

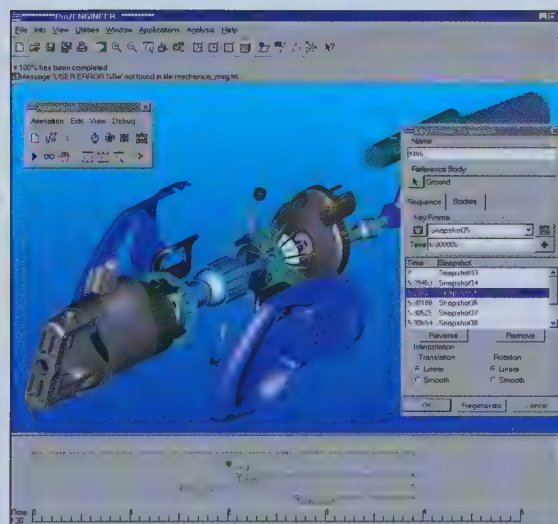




In their unending quest for greater productivity, companies will increasingly rely on stable relationships with trusted suppliers who have demonstrated a consistent ability to meet the full range of their needs. Future success in the CAD/CAM/CAE/PDM market—and in every other industry sector involving the application of complex products and services to real-world situations—will be dependent on a supplier's ability to provide “turnkey” solutions (hardware, software and services) to its customers.

According to industry reports, the global CAD/CAM/CAE market is expected to achieve a compound annual growth rate of 14.8% for the year 2000. The total market size for software and services is expected to be over \$17.0 billion. In the post-millennium global market, the major software vendors who hold dominant positions today will be challenged by aggressive competitors. In this uncertain environment, those who can provide knowledge-based solutions which simply reflect the best that is available anywhere, can be expected to gain additional strength.

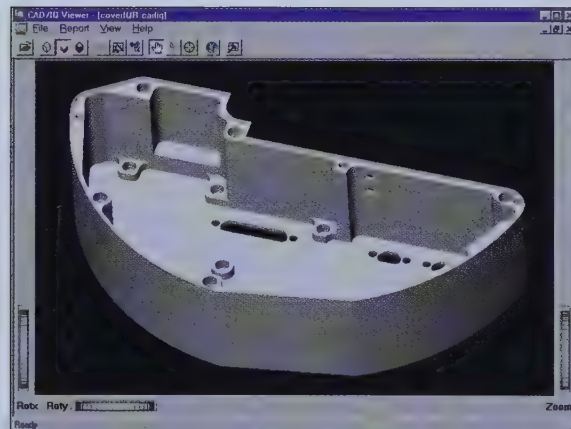
We are building on our existing strengths by making substantial investments in the training and development of our sales and engineering personnel. We are aggressively expanding our global knowledge base, engineering base and consulting skills far beyond our areas of traditional strength.



At the same time, we make a constant effort to attract the interest and involvement of the world's leading inventors and developers of products and services that will help provide total solutions to our customers. We are committed to remaining at the conceptual leading edge in the development of new products and services. In this way, we are able to bring their benefits to our customers at the stage in their life cycles when they can make the greatest contribution to productivity.

The suppliers we work with are committed to delivering best-in-class quality. Our mandate is to provide our customers with the world's best knowledge-based solutions. We will never lose our appreciation of the simple truth that, in our chosen markets, the only way we can achieve greater profitability ourselves is by delivering it to our customers.

In 2000 and beyond RAND Worldwide is committed to finding new and creative ways to deliver solutions to our customers, large or small. We believe that the Internet will provide us with the means to reach and deliver value to more customers around the globe.





MANAGEMENT'S DISCUSSION &

ANALYSIS

OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION





OVERVIEW

Rand A Technology Corporation ("RAND Worldwide" or the "Company") is a leading provider of knowledge-based solutions to organizations with engineering design and information technology requirements, providing Mechanical Design Automation ("MDA") solutions to companies around the globe. These solutions assist our customers in becoming more competitive and profitable by reducing new product development costs and accelerating the time to bring new products to market. In addition to MDA tools, the Company also offers technical education and support, hardware with network integration, and a comprehensive list of engineering-related solutions.

Fiscal year 1999 was highlighted by significant growth in all of the Company's key business segments. The year was also highlighted by increased profitability following the 1998 restructuring of the Company into four distinct business verticals: Mechanical Design Automation, Enterprise Solutions, Hardware and IT Solutions, and Inside Sales. The Company also amended and extended its multiyear Master Distributor Agreement with PTC (the "PTC Agreement"). The amended PTC Agreement expanded the size of customers that the Company can sell PTC products and services to.

The Company's 1999 financial year was highlighted by the following:

- i) Worldwide revenue grew 47.0% to \$440.4 million in 1999, up from \$299.6 million in 1998.
- ii) Revenue from our European operations increased 57.7% to \$204.4 million in 1999, as compared to \$129.6 million in 1998. North American revenue increased 37.3% to \$228.8 million in 1999, up from \$166.6 million in 1998. Asia Pacific revenue increased 108.6% to \$7.3 million in 1999, up from \$3.5 million in 1998.
- iii) Revenue from our services business, which includes training and consulting, increased from \$84.2 million in 1998 to \$121.9 million in 1999, representing an increase of 44.8%.
- iv) Gross profit percentage of 41.9% declined slightly, compared with the previous year of 42.9%.
- v) The sale of ModelCHECK, a RAND Worldwide proprietary software product, to PTC, for total cash proceeds of \$29.5 million (\$20.0 million U.S.).
- vi) Our cash position decreased from \$8.4 million in 1998 to a net short term borrowing position of \$2.3 million as at December 31, 1999. The decrease in the Company's cash position reflects an increasing investment in working capital necessitated by RAND Worldwide's 47.0% growth rate.





RESULTS OF OPERATIONS

REVENUE

Worldwide revenue grew 47.0% in 1999 to \$440.4 million, as compared to \$299.6 million in 1998. North American revenue grew 37.3% to \$228.8 million in 1999, as compared to \$166.6 million in 1998. In 1999, the Company continued to expand its market presence in Europe, as evidenced by an increase in European revenue from \$129.6 million in 1998 to \$204.4 million in 1999. The Company completed the acquisition of two small CAD/CAM/CAE resellers in France and Spain. These companies contributed revenue of \$2.8 million in 1999. Asia Pacific revenue grew 108.6% in 1999 to \$7.3 million, as compared to \$3.5 million in 1998.

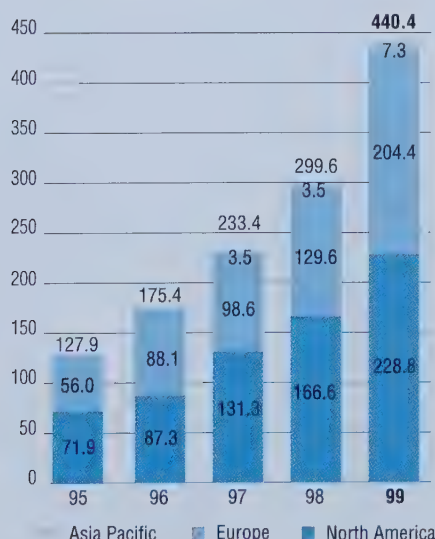
SOFTWARE REVENUE

Throughout 1999, the Company operated under the PTC Agreement and, as a result, was able to significantly increase revenue from the sale of PTC's Pro/ENGINEER software and related products. The Company also continued to diversify its best-in-class product offerings by focusing on developing and providing an extensive suite of complementary MDA tools and PDM products. The Company's software revenue increased 111.0% in 1999 to \$159.7 million, as compared to \$75.7 million in 1998.

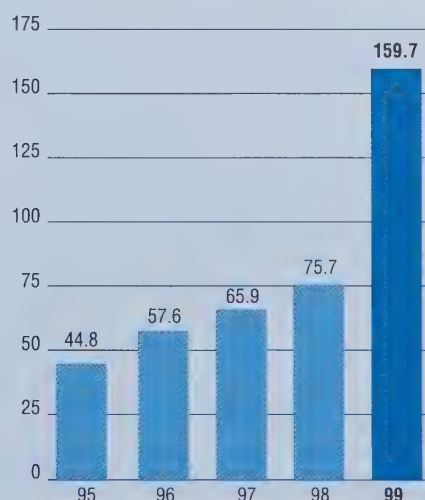
Under the previous Agreement with PTC, which was entered into in 1996, the Company was required to gradually reduce its sales of Pro/ENGINEER software through fiscal year 1999. In 1998, despite the reduced sales of Pro/ENGINEER products, the Company was able to maintain significant growth in its software sales through the introduction of niche software products. The Company continued to invest significantly in complementary software products in 1998 and again in 1999. Considerable time, effort and investments were made in 1998 and 1999 to train our worldwide sales and engineering team to become knowledgeable and proficient, and to market and promote these new technologies.



Worldwide Revenue (in millions of dollars)



Software Revenue (in millions of dollars)



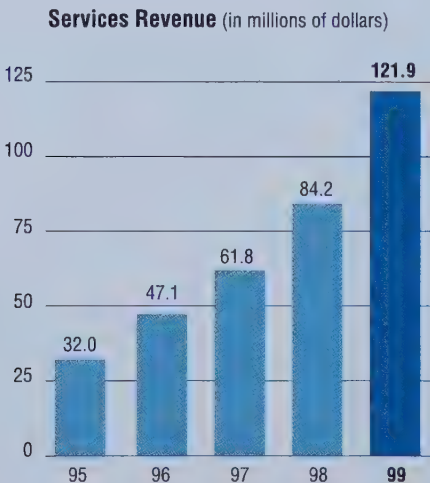


Effective October 1, 1998, an amendment to the existing Agreement with PTC provided the Company with exclusive access to approximately 10,000 existing Pro/ENGINEER customers with revenues under \$10.0 million U.S. in North America and Europe. During 1999, the PTC Agreement was further amended and extended until September 30, 2003, to enable RAND Worldwide to gain access to larger customers. The Company now has the exclusive right to sell to customers with revenues up to \$50.0 million U.S. in North America, \$20.0 million U.S. in Germany, \$40.0 million U.S. in Denmark and Finland and \$20.0 million U.S. throughout various other countries in Europe. Under the new PTC Agreement, the Company has the non-exclusive right to sell to customers with revenues up to \$100.0 million U.S. in North America, \$75.0 million U.S. in Germany, \$50.0 million U.S. in the U.K., and \$30.0 million U.S. throughout various other countries in Europe.

The Company recorded \$29.5 million (\$20.0 million U.S.) in revenue in 1999 in connection with the sale of RAND Worldwide's proprietary software product, ModelCHECK, and related pending business, to PTC. The sale of ModelCHECK provided the Company with a significant return on our research and development, and is indicative of the level of interest in the marketplace for this and other RAND Worldwide proprietary products.

SERVICES REVENUE

Services revenue consists primarily of revenue generated from maintenance support contracts, engineering services, training and education, consulting, systems implementation and installation. As a result of the new PTC Agreement and the expanded customer base, RAND Worldwide was able to increase its maintenance revenue by 58.0% to \$64.0 million, from \$40.5 million in 1998. In 1999, the Company continued to expand its training operations. Our training business grew by 22.3% in 1999, from \$24.2 million in 1998 to \$29.6 million in 1999. In 1999, our total services business grew 44.8% to \$121.9 million, from \$84.2 million in 1998. This increase reflects our customers' growing need to achieve productivity gains through the more effective use of existing technologies. Our training and consulting services are ideally targeted at this growing market segment.





HARDWARE REVENUE

In 1999, the Company continued to expand beyond the traditional CAD/CAM/CAE/PDM marketplace and achieved revenue gains in sales of mass storage devices, backup systems and network servers. The Company continues to sell computer workstations and peripheral equipment offered by the major manufacturers. The Company provides a number of hardware-related services such as integration, installation, network support services and other information technology-related functions. Hardware revenue was \$158.9 million in 1999, an increase of 13.7% from \$139.8 million in 1998.

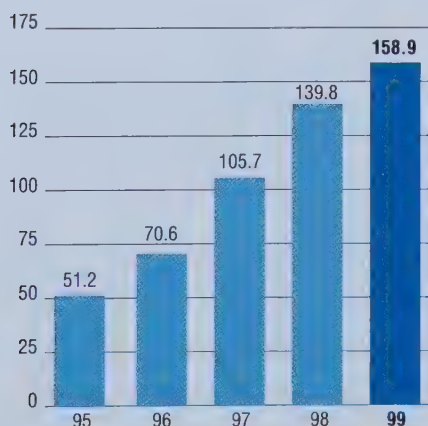
GROSS PROFIT

The Company has been able to maintain consistent gross profit margins as a result of the following:

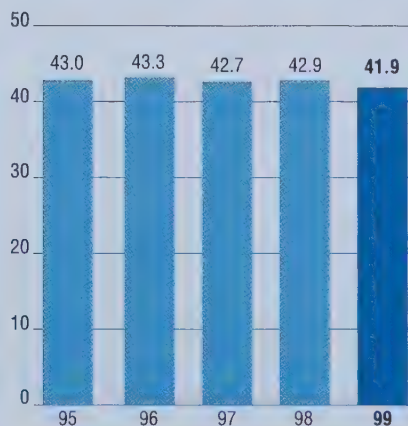
- i) The Company continues to be the world's leading provider of knowledge-based solutions to organizations with engineering design and information technology requirements. The continued growth of the Company's worldwide distribution channel has enabled the Company to negotiate increased margins from the developers of technology. Developers are choosing to sell through the Company rather than go through the expensive and time consuming process of developing and maintaining an internal sales force.
- ii) Gross profit is directly influenced by the Company's sales mix among services, software and hardware. Gross profit margins differ for each of these categories, with margins being higher in software and services and lower in hardware. As services and sales of internally developed software have grown, RAND Worldwide has been able to maintain gross profit margins.
- iii) The Company tailors its products and services to the strategic requirements of an organization's engineering design needs, thereby reducing price sensitivity.

The Company has significantly diversified its product and service offerings. Some products and services have only just entered the CAD/CAM/CAE/PDM market and have good long-term growth potential. Products at this stage of market penetration normally generate higher gross profit margins.

Hardware Revenue (in millions of dollars)



Gross Profit (% of revenues)



SALARIES, COSTS AND EMPLOYEES

To support its worldwide expansion, the Company increased the number of employees in 1999. The Company has one of the largest sales and sales support teams in the industry. As of December 31, 1999, the Company employed 1,100 individuals, including a sales force totalling over 340. The sales organization is geographically located throughout North America, Europe and Asia Pacific. As a result of the size and geographic presence of our sales force, technology inventors are attracted to the Company as a distribution and service partner. The Company plans to continue to expand its direct sales force as its primary distribution strategy.

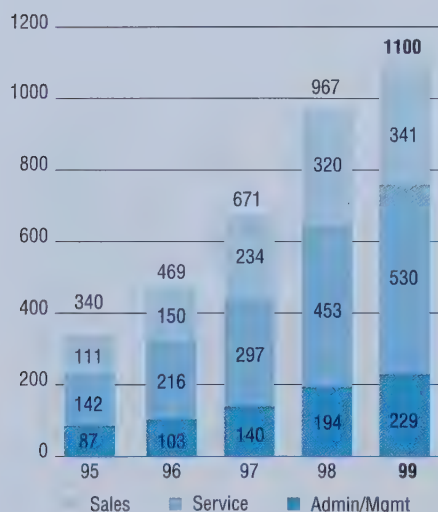
In addition to our direct sales force, the Company, in its role as a master distributor for PTC, has engaged other resellers to sell Pro/ENGINEER and other complementary products in regions where the Company could be more profitably serviced by resellers. As of December 31, 1999, the Company had entered into agreements with more than 60 resellers in 24 countries around the world.

With the continued development of e-commerce solutions and the growing acceptance of the computer and telephone as distribution mediums, the Company has positioned itself to take advantage of these alternate distribution channels. In 1999, the Company continued to develop an inside sales force that now totals more than 60 employees, up from 50 at the end of 1998. Management believes that an increased contribution from inside sales is vital to the ongoing strategy to reduce the Company's selling costs.

The Company's engineering staff continued to grow as a direct result of the growth in our overall business and, in particular, the growth in services revenue. As of December 31, 1999 the Company employed 530 engineers, compared to 453 at the end of 1998.

Salaries as a percentage of gross profit were 53.5%, compared to 55.4% in 1998. With the large number of new employees hired in preparation for revenue growth, our sales and engineering personnel have the ability to increase productivity levels even further.

Employees by Function



Revenue/Gross Profit Per Employee
(in thousands of dollars)





OPERATING EXPENSES

Operating expenses consist primarily of general and administrative expenses, as well as travel, communication and marketing costs. General and administrative expenses consist of occupancy costs, professional fees, leases, office supplies and services, and bad debt expenses. These expenses have decreased as a percentage of sales from 12.1% in 1998 to 10.6% in 1999, but have increased year over year by \$10.4 million. The following factors have contributed to the overall increase in operating expenses and the decrease in operating expenses as a percentage of sales:

- i) Variable employee related costs, such as travel and communication, have increased as a result of the increased number of employees.
- ii) Bad debt expense increased from \$1.5 million in 1998 to \$2.5 million in 1999. The increase was primarily a result of several customers who filed for creditor protection during the year. As a result of the PTC Agreement, RAND Worldwide's customer mix became more oriented towards small to medium sized customers with generally lower credit ratings.
- iii) In 1999, the Company incurred a foreign exchange loss of \$1.0 million as a result of the strengthening of the Canadian dollar against the U.S. dollar and major European currencies.
- iv) In 1998, the Company established seventeen new offices, seven of which resulted from acquisitions. In 1999, sixteen new offices were opened, three of which resulted from acquisitions.

RESEARCH AND DEVELOPMENT

In 1999, the Company continued to develop its own proprietary technology in the MDA and PDM segments of the market. All research and development costs are expensed in the year incurred. Research and development costs were \$4.2 million in 1999, compared to \$2.4 million in 1998, representing an increase of 75.0%.

The Company realized a significant return on its research and development initiatives with the \$29.5 million (\$20.0 million U.S.) sale of the Company's ModelCHECK software to PTC. The Company will continue to increase its research and development activities. During the year, the Company centralized most development activities in a new facility in Cork, Ireland. As at December 31, 1999, the Company employed 25 developers at this facility.

DEPRECIATION AND AMORTIZATION OF CAPITAL AND INTANGIBLE ASSETS

Depreciation and amortization of capital assets increased to \$5.9 million in 1999, up from \$5.2 million in 1998. This increase in expenses is a result of additions to capital assets during the year.

The increase in capital assets resulted from continued investments in computer and network technologies.



AMORTIZATION OF DISTRIBUTION RIGHTS

Amortization of distribution rights increased from \$743,000 in 1998 to \$9.0 million in 1999. 1999 was the first full year of amortization of the costs associated with the distribution rights acquired under the PTC Agreement. The \$30.2 million (\$20.0 million U.S.) paid during 1998 for the distribution rights is being amortized on a straight-line basis over the five year term of the PTC Agreement.

INTEREST EXPENSE

Interest expense was \$1.8 million in 1999, compared to income of \$443,000 in 1998. The increase in interest expense is a result of the Company being in a net borrowing position throughout most of 1999.

UNUSUAL ITEMS

In the third quarter of 1998, the Company recorded one-time charges of \$16.1 million. These charges reflect the restructuring of the Company's business in several areas and the impact of several aspects of the, then in effect, PTC Agreement. The charges reflect the writedown of software inventory, the closing and/or downsizing of several offices, the write-off of goodwill and the restructuring of the Company's internal operations. The charges also included \$1.5 million in start-up costs associated with the 1998 amendments to the PTC Agreement. The unusual items in 1998 were as follows:

- i) Goodwill on acquisition - \$2.5 million - In 1997, the Company acquired Audros Technology ("Audros"), a developer of Product Data Management ("PDM") software targeted at Fortune 500 companies. With the expanded customer base of over 10,000 customers under the 1998 amended PTC Agreement, management decided to refocus the Audros product line to target small to mid-sized customers. Core elements of the software are now being used to develop niche applications in the MDA market. As a result of the change in product focus and the level of development required in the future, existing goodwill was written off.
- ii) Software inventory writedowns - \$3.3 million - The 1998 amendments to the PTC Agreement provided the Company with access to software which made the investment in certain software redundant. As a result, the Company wrote off the carrying value of this previously purchased software.
- iii) European restructuring - \$2.7 million - A decision was made in the third quarter of 1998 to restructure the Company's European operations in order to take advantage of economies of scale. The Company established a European headquarters in the Republic of Ireland and certain administrative and management functions were centralized in Ireland. Anticipated charges in connection with the elimination of redundant activities in the European offices were accrued.





- iv) Eastern European Licenses - \$6.1 million - In April, 1998, the Company acquired from PTC the exclusive right to distribute Pro/ENGINEER software and related products in Eastern Europe for the period April 1, 1998 to June 30, 1999. In connection with this Agreement, the Company was required to make payments to PTC on account of prepaid license fees. Subsequent to April, 1998, partly as a result of political and economic conditions in the region, revenue and operating results from the region were less than anticipated. As a result, the Company wrote off these prepaid amounts.
- v) Start-Up Costs - \$1.5 million - The Company incurred \$1.5 million in salary, training and other related costs in connection with the start-up of the new PTC business.

INCOME TAXES

The Company recorded a tax provision of \$5.5 million during the year, compared to a tax provision of \$2.9 million in the previous year. The Company was able to recognize some of its earnings during the year in jurisdictions with a lower rate of tax than in Canada. The benefit of losses in certain jurisdictions, available for carry forward to be offset against taxable income in future years, has not been recognized by the Company in the consolidated financial statements. As at December 31, 1999, these losses totalled \$17.4 million.

AMORTIZATION OF GOODWILL

Goodwill amortization, net of income taxes, was \$1.1 million in 1999, compared to \$1.2 million in 1998. In 1998, the Company purchased all of the outstanding shares of TransCAT GmbH in Germany, together with Artica Oy and Cadworks Oy in Finland. The Company also purchased an option to acquire 49% of 1 Direct LLP, a reseller of computer hardware in California. These acquisitions added goodwill of \$8.3 million in 1998. Earn-out payments made during 1999 relating to acquisitions made in previous years added an additional \$2.3 million (1998 - \$5.5 million) to goodwill. The Company funded these acquisitions with a combination of cash, the issuance of Common Shares of the Company, and promissory notes. The principal amount payable under the promissory notes is typically calculated through earn-out formulas based on the financial performance of the acquired companies.



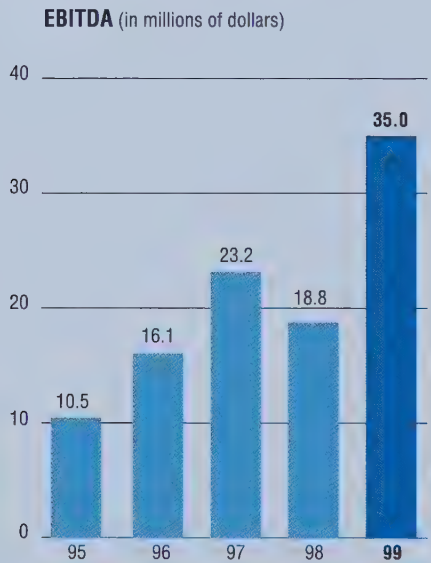


EARNINGS

Operating earnings ("EBITDA") increased from \$18.8 million in 1998, to \$35.0 million in 1999. Earnings before income taxes, unusual items and goodwill amortization increased from \$13.3 million in 1998, to \$19.1 million in 1999. The increase in earnings reflects growth in sales and gross margin without corresponding increases in fixed and variable costs. Earnings before goodwill amortization were \$13.5 million in 1999, compared to a loss of \$5.6 million in 1998. In 1998, earnings before amortization of goodwill were negatively impacted by one-time charges for unusual items totalling \$16.1 million. Net earnings were \$12.5 million in 1999, compared to a loss of \$6.8 million in 1998.

Earnings per Common Share before amortization of goodwill for the year ended December 31, 1999 were \$0.85 per Common Share, compared to a net loss before amortization of goodwill in 1998 of \$0.36 per Common Share.

Net earnings per Common Share for the year ended December 31, 1999 were \$0.79 per Common Share, compared to a net loss of \$0.44 per Common Share for 1998. The weighted average number of Common Shares outstanding for the year ended December 31, 1999 was 15,871,009, compared to 15,460,774 in 1998.



LIQUIDITY AND FINANCIAL POSITION

As at December 31, 1999, the Company was in a short-term borrowing position, net of cash on hand, of \$2.3 million. This compares to a net cash position of \$8.4 million at December 31, 1998. The net cash position declined primarily due to the increased investment in working capital required by the Company's 47.0% growth rate in sales. The Company plans to continue to expand its operations through strategic acquisitions and internal growth. Management believes that cash generated from operations in 2000, together with existing operating and term credit facilities consisting of \$55.0 million and \$29.0 million U.S., will enable the Company to fund ongoing acquisition and expansion strategies over the short-term. As well, the Company expects to continue its practice of funding a portion of any acquisition through the issuance of Common Shares.

During 1999, the Company generated \$9.7 million from operating activities and \$8.7 million from financing activities. The Company used \$29.1 million to, among other things, fund capital asset expenditures and prepaid license fees.

HEDGING STRATEGY

The Company operates in foreign markets and conducts most of its business in local currency. As a result, foreign exchange exposure exists on the net monetary assets and liabilities denominated in foreign currencies and on the net investment in foreign subsidiaries. The income statement and balance sheet of the foreign subsidiaries are translated into Canadian dollars on consolidation. As a result, revenue and earnings are affected by the value of the Canadian dollar relative to foreign currencies. In 1999, the Canadian dollar increased in value relative to the U.S. dollar, causing lower earnings and revenue growth in the U.S. relative to 1998. The same was true with respect to European currencies against the Canadian dollar. When the Canadian dollar falls relative to a foreign currency in which the Company is operating, earnings and revenue reported in Canadian dollars are affected in a positive manner. The opposite is true during periods of strength for the Canadian dollar. The Company hedged a portion of its U.S. dollar exposure through short and long term U.S. dollar and Euro denominated borrowings.





RISKS

- i) Under the new PTC Agreement, the Company is entitled to distribute PTC's Pro/ENGINEER software product line and related software maintenance to companies with revenues under predetermined amounts. Subject to various performance benchmarks, the size of the company that RAND Worldwide is permitted to sell to will increase over the life of the Agreement. There is no guarantee that these performance benchmarks will be met.

With the PTC Agreement, a significant portion of the Company's total revenue will be derived from the sale of PTC products. The Company does not have control over the development of PTC's products and, as a result, will rely on PTC to continue the level of investment required to maintain the position of its CAD products in the market.

- ii) Superior technology tools may become available in the marketplace and it is possible that the Company may not have the opportunity to represent and sell these products. However, management believes that, as the world's largest reseller of CAD/CAM/CAE technology, any such superior tool set would be made available to the Company.

ACQUISITIONS AND GEOGRAPHIC EXPANSION

During 1999, the Company established sixteen new offices, three of which resulted from the acquisition of small existing CAD/CAM/CAE resellers. Management will continue its strategy of opening new offices in areas where significant market opportunities exist. In addition, selective strategic acquisitions are expected to be a continuing part of the Company's growth strategy. In 1999, the following business acquisitions were completed:

- i) Effective March 26, 1999, the Company purchased 100% of the outstanding shares of Sistemas de Productividad, located in Spain.
- ii) Effective June 14, 1999, the Company purchased 100% of the outstanding shares of Cirrus Infographie, located in France.

SUMMARY

During 1999, the Company experienced significant growth, gaining increased market share in the industry in which it operates. The amended PTC Agreement provides the Company with the right to distribute Pro/ENGINEER software to a large potential market. The Company will continue to make investments in research and development in software products and continue the development of innovative services. Significant progress was made in 1999 to enhance the Company's position as a leading worldwide knowledge-based solutions provider.



Our mission is to create and build value for our shareholders. The Toronto Stock Exchange (the “TSE”) has a series of guidelines that are referenced by the Company’s Board of Directors and its committees in establishing its policy of corporate governance. Both the directors and management recognize the need for ongoing review and evaluation of the corporate governance program in order to improve its effectiveness. The Company believes that, in compliance with the TSE listing requirement, the following describes RAND Worldwide’s current corporate governance practices.

MANDATE OF THE BOARD

The Board holds regular quarterly meetings, as well as special meetings as required. In addition to its statutory responsibilities, the Board is responsible for: (a) overseeing the Company’s business plan; (b) assessing the principal risks inherent in its business activities; (c) appointing all senior executives; (d) through the Compensation Committee, developing and maintaining executive compensation policies and reviewing the performance of senior executives; (e) overseeing corporate policies regarding public communications, investor relations and shareholder communications; (f) monitoring and assessing the scope, implementation and integrity of the Company’s internal information, audit and control systems, and g) reviewing management development programs and considering matters relating to succession planning.

COMPOSITION OF THE BOARD

As at December 31, 1999, five of the Company’s eight Board members were considered by the Board to be “outside” directors as they are neither officers nor employees of the Company. In addition, they are considered to be “unrelated” directors as they are free from any interest or business or other relationship that could interfere with their ability as directors to act in the best interests of the Company, other than through interests and relationships arising from shareholdings. The Board periodically examines its size and constitution to facilitate responsible corporate governance and effective management.

GOVERNING COMMITTEES

The Board has established an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee to focus resources and expertise in specific areas related to its mandate.

The Audit Committee comprises three directors, each of whom are considered by the Board to be “outside” and “unrelated”. This Committee is responsible for overseeing that management has implemented an effective system of internal financial controls; for liaising effectively with external auditors; for reviewing the Company’s annual and interim financial statements; and for overseeing compliance with regulatory and statutory requirements regarding financial reporting, taxation and disclosure of material facts. The Audit Committee also reviews policies and business practices that may impact the financial integrity of the Company, including internal auditing, insurance, accounting, information services and systems, financial controls, management reporting and risk management.



The Compensation Committee comprises three directors, each of whom are considered to be “outside” and “unrelated”. This Committee is responsible for monitoring executive compensation policies, reviewing senior management compensation and making recommendations for approval by the Board.

The Corporate Governance and Nominating Committee comprises three directors, each of whom are considered to be “outside” and “unrelated”. This Committee is responsible for reviewing, developing and monitoring the Company’s approach to corporate governance issues and administering an effective corporate governance strategy. This Committee also identifies, evaluates and recommends nominee directors in consultation with the Chairman, Chief Executive Officer and President.

ORIENTATION

Prospective directors are provided with an information package identifying the specifics of the Company’s business. New directors are encouraged to meet with senior management and to visit the Company’s head office and other facilities prior to the commencement of their term.

EXPECTATIONS OF MANAGEMENT AND INDEPENDENCE OF THE BOARD

The Board expects management to report in a comprehensive, accurate and timely fashion on the business of the Company generally, and on specific matters of material consequence to the Company and its shareholders. Management is expected to continually develop and review the Company’s strategies for growth and market expansion, to make the decisions that will give effect to these strategies, to adhere to the Company’s operational policies and to monitor its financial performance. Management is required to seek Board approval for any transaction which is out of the ordinary course of business or could be considered to be material to the business of the Company.

A primary concern of the Company’s corporate governance policy is the Board’s independence from management. The Chairman of the Board and the Chief Executive Officer are separate positions within the Company’s management group. The Board’s independence is further enhanced by a procedure that allows unrelated directors to meet as a committee, excluding any management, at such times as deemed necessary by any unrelated member of the Board.

Individual directors may also engage outside independent advisors at the expense of the Company in circumstances related to the directors’ role in the Company, providing that prior authorization is received from at least two other unrelated directors and approval of the fees by the Chief Financial Officer.

SHAREHOLDER COMMUNICATION

The fundamental objective of the Company’s shareholder communication policy is to ensure open and timely exchange of information in accordance with securities legislation and other statutory and contractual obligations. Information material to the Company’s business is released through newswire services, the media, telephone conferences with investment analysts, and shareholder mailings. Additionally, individual queries, comments or suggestions can be made at any time directly to the Company’s Investor Relations Department located at its Corporate Head Office.



1999

FINANCIAL

STATEMENTS



Management's Responsibility for Financial Reporting



To the Shareholders of Rand A Technology Corporation:

The consolidated financial statements and other financial information in this Annual Report were prepared by the management of Rand A Technology Corporation, reviewed by the Audit Committee and approved by the Board of Directors.

Management is responsible for the consolidated financial statements and believes that they present fairly the Company's financial condition and results of operations in conformity with generally accepted accounting principles. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel, and through the adoption and communication of financial and other relevant policies.

The shareholders have appointed Arthur Andersen LLP to audit the consolidated financial statements. Their report outlines the scope of their examination and their opinion.

A handwritten signature in blue ink, appearing to read 'D. Semkiw'.

DENNIS SEMKIW
CHAIRMAN OF THE BOARD

A handwritten signature in blue ink, appearing to read 'R. Malhinha'.

RUI MALHINHA
CHIEF FINANCIAL OFFICER



Auditors' Report



To the Shareholders of Rand A Technology Corporation:

We have audited the consolidated balance sheets of Rand A Technology Corporation as at December 31, 1999 and 1998 and the consolidated statements of operations, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Arthur Andersen LLP

February 18, 2000

Mississauga, Canada



Consolidated Balance Sheets

Rand A Technology Corporation

As at December 31, 1999 and 1998 (in thousands of dollars)



Assets

	1999	1998
CURRENT ASSETS		
Cash and short-term investments, net (Note 3)	\$ —	\$ 8,357
Accounts receivable	90,562	76,729
Inventory	8,406	8,305
Prepaid expenses and deposits	27,982	22,517
Current portion of lease receivable	1,845	—
Income taxes receivable	—	4,464
	128,795	120,372
CAPITAL ASSETS, net (Note 4)	13,735	13,931
OTHER ASSETS, net (Notes 5 and 9)	57,025	50,639
	\$ 199,555	\$ 184,942

Liabilities and Shareholders' Equity

CURRENT LIABILITIES		
Bank indebtedness, net of cash (Note 3)	\$ 2,314	\$ —
Accounts payable and accrued liabilities	57,655	67,791
Notes payable (Note 10)	1,373	4,070
Deferred revenue	27,538	26,012
Current portion of long-term debt (Note 6)	6,562	1,655
Income taxes payable	1,279	—
	96,721	99,528
LONG-TERM DEBT (Note 6)	10,696	5,877
DEFERRED INCOME TAXES	10,072	4,732
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	47,789	46,126
Retained earnings	38,380	25,910
Cumulative translation account	(4,103)	2,769
	82,066	74,805
	\$ 199,555	\$ 184,942

Approved on behalf of the Board,

DENNIS SEMKIW
CHAIRMAN OF THE BOARD

NICK MANCINI
DIRECTOR

The accompanying notes are an integral part of these consolidated balance sheets.

Consolidated Statements of Operations

Rand A Technology Corporation

For the years ended December 31, 1999 and 1998

(in thousands of dollars, except earnings per share and weighted average data)



	1999	1998
REVENUE	\$ 440,411	\$ 299,641
COST OF SALES	256,077	170,977
GROSS PROFIT	184,334	128,664
EXPENSES		
Salaries and commissions	98,551	71,328
Operating expenses	46,598	36,154
Research and development	4,171	2,364
	149,320	109,846
OPERATING EARNINGS (EBITDA) BEFORE:	35,014	18,818
Depreciation of capital assets	5,404	5,025
Amortization of intangible assets	496	218
Amortization of distribution rights	8,297	743
Interest expense (income)	1,760	(443)
	15,957	5,543
Earnings before Income Taxes, Unusual Items and Goodwill Amortization	19,057	13,275
Unusual Items (Note 11)	–	(16,056)
Earnings (Loss) before Income Taxes and Goodwill Amortization	19,057	(2,781)
Provision for Income Taxes	5,522	2,861
EARNINGS (LOSS) BEFORE GOODWILL AMORTIZATION	13,535	(5,642)
GOODWILL AMORTIZATION, net of income taxes of \$537 (\$688 -1998)	1,065	1,183
NET EARNINGS (LOSS)	\$ 12,470	\$ (6,825)
EARNINGS (LOSS) PER SHARE BEFORE GOODWILL AMORTIZATION	\$ 0.85	\$ (0.36)
NET EARNINGS (LOSS) PER SHARE (Note 1)	\$ 0.79	\$ (0.44)
FULLY DILUTED EARNINGS PER SHARE (Note 1)	\$ 0.77	\$ (0.44)
WEIGHTED AVERAGE NUMBER OF SHARES – basic	15,871,009	15,460,774
WEIGHTED AVERAGE NUMBER OF SHARES – fully diluted	17,523,293	16,996,777

The accompanying notes are an integral part of these consolidated statements.

Consolidated Statements of Retained Earnings

Rand A Technology Corporation

For the years ended December 31, 1999 and 1998 (in thousands of dollars)

	1999	1998
RETAINED EARNINGS, beginning of year	\$ 25,910	\$ 32,735
ADD: NET EARNINGS (LOSS)	12,470	(6,825)
RETAINED EARNINGS, end of year	\$ 38,380	\$ 25,910

The accompanying notes are an integral part of these consolidated statements.



Consolidated Cash Flow Statements

Rand A Technology Corporation

For the years ended December 31, 1999 and 1998 (in thousands of dollars)

	1999	1998
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings (loss)	\$ 12,470	\$ (6,825)
Add - Items not affecting cash		
Depreciation and amortization	15,883	7,943
Writedown of intangible and other assets (Note 11)	-	12,077
Deferred income taxes	5,340	3,794
Changes in operating assets and liabilities other than cash (Note 13)	(24,040)	(17,014)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	9,653	(25)
FINANCING ACTIVITIES		
Issuance of share capital (Note 7)	1,663	8,042
Notes payable, net (Note 10)	(2,697)	1,152
Advances (repayment) of long-term debt (Note 6)	9,726	7,302
CASH PROVIDED BY FINANCING ACTIVITIES	8,692	16,496
INVESTING ACTIVITIES		
Acquisitions (Note 9)	(2,485)	(13,373)
Additions to other assets	(18,219)	(30,089)
Additions to capital assets	(6,534)	(13,135)
CASH USED IN INVESTING ACTIVITIES	(27,238)	(56,597)
CUMULATIVE TRANSLATION EFFECTS	(1,778)	694
DECREASE IN CASH AND SHORT-TERM INVESTMENTS	(10,671)	(39,432)
CASH AND SHORT-TERM INVESTMENTS, beginning of year	8,357	47,789
CASH AND SHORT-TERM INVESTMENTS, (BANK INDEBTEDNESS), end of year	\$ (2,314)	\$ 8,357

The accompanying notes are an integral part of these consolidated statements.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the accounts of Rand A Technology Corporation and its subsidiaries (collectively the "Company"). All intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Inventory

Inventory is recorded at the lower of actual cost and net realizable value. Inventory consists of computer systems and software for resale.

Goodwill

Goodwill represents the excess of purchase consideration over the fair value of net identifiable assets acquired. Goodwill is amortized on a straight-line basis over five to twenty years. The Company's policy with respect to the potential impairment of goodwill is determined by comparison of the carrying value of unamortized goodwill with the estimated future cash flows of the related entity. Goodwill is only written down when it has been determined that there has been a permanent impairment in the value of unamortized goodwill.

Earnings Per Share

Earnings per share have been calculated based on the weighted average number of Common Shares outstanding. The fully diluted earnings per share have been calculated based on the assumption that all stock options would have been exercised.

Financial Instruments and Concentration of Credit Risk

With respect to accounts receivable, concentration of credit risk is limited due to the wide customer base. The Company has credit evaluation, approval and monitoring processes intended to mitigate potential credit risks. Anticipated bad debt losses have been provided for in the allowance for doubtful accounts. The carrying amounts for cash and short-term investments, bank indebtedness, receivables, payables and accrued liabilities approximate fair market value because of the short maturity of these instruments. The Company is subject to foreign exchange risk due to short and long-term borrowings in U.S. dollars and Euro currency. Borrowings outstanding are described in Notes 3 and 6.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



Capital Assets

Capital assets are recorded at cost and are depreciated using the declining balance method at the following annual rates:

Computer hardware and software	30%
Office furniture and equipment	20%
Motor vehicles	30%

Leasehold improvements are amortized using the straight-line basis over the term of the lease. The Company also incurs costs to develop software for internal use. Costs incurred to develop this software are expensed in the period incurred.

Revenue Recognition

Hardware sales are recognized when title passes, which coincides with shipment to and acceptance by the customer. Revenue from the licensing of software products is recognized when the Company has delivered the software or as earned for customers with contractual commitments.

Revenue from software support contracts, which includes product updates, telephone hotline support, local on-site engineering support and revision loading are recognized on a straight-line basis over the life of the contract. Revenue from hardware support contracts is recognized on a straight-line basis over the life of the contract. These contracts are normally one year in duration.

Revenue from other service-related activities, including training, custom programming, networking, integration, engineering and consulting services are recognized as the services are performed.

Research and Development Costs

The Company incurs costs to research and develop computer software to be licensed, marketed and sold to customers. All costs incurred up to the date on which the software is considered to be commercially viable are expensed in the period in which they are incurred.

Deferred Income Taxes

The Company follows the deferral method of income tax allocation such that deferred income taxes are recognized when income and expense items are reported for income tax purposes in years different from those in which they are recorded for financial reporting purposes.

Foreign Currency Translation

Substantially all of the Company's subsidiaries are regarded as self-sustaining subsidiaries and are translated using the current rate method. Under this method, assets and liabilities are translated at the exchange rate prevailing at the balance sheet date. Revenues and expenses are translated using exchange rates approximating those in effect when the transactions occur. Unrealized gains and losses on translation are segregated in the shareholders' equity section of the balance sheet in the cumulative translation account.

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



Stock-Based Compensation Plans

The Company has an Employee Stock Option Plan, which is described in Note 8. No compensation expense is recognized when stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of Common Shares is credited to share capital. If Common Shares or stock options are repurchased from employees, the excess of the consideration paid over the carrying amount of the Common Shares or stock option cancelled is charged to retained earnings.

2. SALE OF MODELCHECK

During 1999, the Company recorded \$29.5 million (\$20.0 million U.S.) in revenue in connection with the sale of a proprietary software product, ModelCHECK, and related pending business, to PTC. The Company is a master distributor for PTC and accordingly, PTC is one of the Company's major software suppliers. Other transactions with PTC are described in Notes 5 and 16(a) to these financial statements.

3. CASH AND SHORT-TERM INVESTMENTS

(in thousands of dollars)	1999	1998
Short-term investments	\$ 1,502	\$ 12,523
Short-term borrowings, net of cash on hand	(3,816)	(4,166)
	\$ (2,314)	\$ 8,357

At December 31, 1999, the Company had a line of credit with a Canadian chartered bank, totalling \$55.0 million, which may be drawn in U.S., Canadian and Euro currencies, and \$15.0 million U.S. in U.S. denominated short-term revolving and overdraft facilities. The Company also had \$14.0 million in U.S. denominated non-revolving term facilities. At December 31, 1999, the Company had utilized \$12.0 million U.S. in short-term facilities and 2.9 million Euro in non-revolving term facilities. These borrowings are presented net of cash on hand.

Borrowings under the line of credit facility bear interest at rates based on the bank's prime lending rate in the case of Canadian dollar based borrowings, and LIBOR plus 0.625% in the case of U.S. dollar or Euro based borrowings. The Company has provided the bank with a General Security Agreement as security under the borrowings.

Under the terms of the credit facility agreement, the Company is required to meet certain current asset to current liability, debt to tangible net worth and debt to earnings before interest, tax, depreciation and amortization ratios. At December 31, 1999, the Company was in compliance with the terms of the credit facility agreement.

Investments are placed in short-term, low risk commercial paper and guaranteed investment certificates.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



4. CAPITAL ASSETS

(in thousands of dollars)

	1999		
	Cost	Accumulated Depreciation and Amortization	Net
Computer hardware and software	\$ 21,190	\$ 12,166	\$ 9,024
Office furniture and equipment	6,180	2,547	3,633
Motor vehicles	1,042	688	354
Leasehold improvements	1,529	805	724
	\$ 29,941	\$ 16,206	\$ 13,735

(in thousands of dollars)

	1998		
	Cost	Accumulated Depreciation and Amortization	Net
Computer hardware and software	\$ 21,409	\$ 11,292	\$ 10,117
Office furniture and equipment	4,909	2,205	2,704
Motor vehicles	1,413	873	540
Leasehold improvements	1,218	648	570
	\$ 28,949	\$ 15,018	\$ 13,931

In 1998, the Company reclassified computer hardware and software used for demonstration and training purposes from inventory to capital assets.

5. OTHER ASSETS

During 1998, the Company signed a five year Master Distributor Agreement with PTC (the "PTC Agreement"), expiring September 30, 2003. The PTC Agreement provides the Company with the exclusive right to sell PTC products to companies in North America and Europe that have revenues under predetermined amounts, over the five year period. Also during 1998, the Company entered into an agreement with PTC providing the Company with the exclusive right to distribute PTC products in Eastern European countries. This agreement originally expired on June 30, 1999, but was extended to September 30, 2000, as explained in further detail below.

In 1998, the Company paid PTC a total of \$36.2 million (\$24.0 million U.S.) for the right to distribute PTC products under the two agreements. A total of \$6.0 million (\$4.0 million U.S.) was allocated to the rights obtained in the Eastern European agreement. This amount was written off in 1998 as described in Note 11. The remaining \$30.2 million (\$20.0 million U.S.) has been classified as distribution rights and is being amortized on a straight-line basis over the five year life of the Agreement.

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



In 1999, the PTC Agreement was amended to, among other things, provide the Company with the exclusive right to sell PTC products to larger accounts than originally permitted under the 1998 Agreement. Under the 1998 Agreement, the Company had the exclusive right to sell to accounts with revenues up to \$10.0 million U.S. in North America and Europe. Under the amended Agreement, the Company has the exclusive right to sell to accounts as large as \$50.0 million U.S. in certain territories. The Company also obtained the non-exclusive right to sell products to accounts with revenues up to \$100.0 million U.S. in certain territories. The Company paid \$10.0 million U.S. in the form of prepaid licenses as a fee for access to the non-exclusive customer base. The prepaid fee of \$10.0 million U.S. will be recovered through a reduction of license fees otherwise payable to PTC on future sales of PTC products. The portion expected to be recovered by December 31, 2000 is included on the balance sheet under prepaid expenses and deposits. The portion expected to be recovered after one year is classified as a long-term asset and is listed below.

During 1999, as a result of the extension to the Eastern European agreement previously entered into between RAND Worldwide and PTC, the Company paid PTC \$6.1 million (\$4.0 million U.S.) as consideration for the right to distribute Pro/ENGINEER products in Eastern Europe until September 30, 2000.

Other assets also include the long-term portion of a lease receivable. The amount is due in connection with a long-term customer contract in Germany. The lease is due in monthly principal payments of \$259,175 plus interest of 4.2%.

(in thousands of dollars)		1999		
	Cost	Accumulated Amortization	Net	
Distribution rights	\$ 34,598	\$ 8,974	\$ 25,624	
Goodwill	26,523	8,069	18,454	
Other intangibles	3,762	809	2,953	
	\$ 64,883	\$ 17,852	\$ 47,031	
Cost of prepaid license fees			8,042	
Long-term portion of lease receivable			1,952	
			\$ 57,025	

(in thousands of dollars)		1998		
	Cost	Accumulated Amortization	Net	
Distribution rights	\$ 30,277	\$ 743	\$ 29,534	
Goodwill	27,449	7,488	19,961	
Other intangibles	1,738	594	1,144	
	\$ 59,464	\$ 8,825	\$ 50,639	



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



6. LONG-TERM DEBT

(in thousands of dollars)	1999	1998
Term loan, bearing interest at 6.49%, denominated in U.S. Dollars, repayable in monthly principal payments of \$83,333 plus interest, due in October, 2001.	\$ 5,653	\$ 7,406
Term loan, bearing interest at 8.27%, denominated in U.S. Dollars, repayable in monthly principal payments of \$83,333 plus interest, due in December, 2002.	4,330	—
Obligation under capital lease, bearing interest at 4.8%, repayable in monthly principal payments of \$202,632 plus interest, due in December, 2002.	6,417	—
Other long-term debt	858	126
	17,258	7,532
Less: current portion of long-term debt	6,562	1,655
	\$ 10,696	\$ 5,877

The term loans are part of the Company's credit facility described in Note 3. Repayments of principal are due over the next three years as follows:

(in thousands of dollars)	
2000	\$ 6,562
2001	8,085
2002	2,611
	\$ 17,258

7. SHARE CAPITAL

Authorized

An unlimited number of Common Shares

An unlimited number of Class A Preference Shares

Outstanding Common Shares (in thousands)	1999	1998
	Number of Shares	Number of Shares
Beginning of year	15,724	15,186
Shares issued on acquisitions (Note 9)	—	132
Shares issued on contingent consideration	2	122
Exercise of options (Note 8)	236	284
End of year	15,962	15,724

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



8. OPTIONS

A summary of the status of the Company's Stock Option Plan (the "Plan") as of December 31, 1999 and 1998, and changes during the years ending on those dates are presented on the following table:

	1999		1998	
	Shares (in thousands)	Weighted-Average Exercise Price	Shares (in thousands)	Weighted-Average Exercise Price
Outstanding, beginning of year	1,536	\$ 15.26	1,511	\$ 12.35
Granted	424	14.89	368	22.74
Exercised	(236)	6.92	(284)	9.20
Forfeited	(222)	17.54	(59)	16.57
Outstanding, end of year	1,502	\$ 16.13	1,536	\$ 15.26
Exercisable, end of year	705	\$ 14.42	686	\$ 10.57

The following table summarizes stock option information outstanding at December 31, 1999:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/99	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at 12/31/99	Weighted-Average Exercise Price
\$ 4 - 10	316,256	1.06 years	\$ 8.67	251,256	\$ 8.56
13 - 17	793,228	2.76	16.09	346,102	16.02
19 - 29	392,800	3.01	22.20	108,213	22.93
\$ 4 - 29	1,502,284	2.47	\$ 16.13	705,571	\$ 14.42

Under the Plan, the exercise price of each option equals the closing market price of the Company's Common Shares on the day prior to the date of grant. The total capital which would be generated upon exercise of these options is \$24,225,000. On November 16, 1999, 150,000 stock options were approved for issue to the Company's eligible participants at an option price of \$9.95 per Common Share. The issue of these options is contingent upon the Company obtaining shareholder approval for increasing the pool of available stock options. As a result, these options were not included in the table above. On February 2, 2000, 105,000 stock options were issued to the Company's eligible participants at an option price of \$11.60 per Common Share. These options vest over three years and expire after five years.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



9. ACQUISITIONS

During 1999, the Company acquired 100% of the outstanding shares of Cirrus Infographie of France and 100% of the outstanding shares of Sistemas De Productividad of Spain. During 1998, the Company acquired 100% of the outstanding shares of TransCAT GmbH of Germany, 100% of the outstanding shares of Artica Oy and Cadworks Oy of Finland, and an option to purchase 49% of 1 Direct LLC of California. Each of these acquisitions has been accounted for using the purchase method and has been included in these financial statements from the date of acquisition. Consideration paid was generally a combination of cash, notes and Common Shares, plus additional amounts based on the success of future operations.

The acquisitions made in 1999 are summarized as follows:

(in thousands of dollars)	1999
Net current assets (net of cash acquired)	\$ 19
Capital assets	54
Goodwill	158
	\$ 231
Cash consideration	\$ 76
Notes payable	155
Share consideration	-
	\$ 231

The acquisitions made in 1998 are summarized as follows:

(in thousands of dollars)	1998
Net current liabilities (net of cash acquired)	\$ (1,812)
Capital assets	1,422
Goodwill	8,313
	\$ 7,923
Cash consideration	\$ 4,524
Notes payable	292
Share consideration	3,107
	\$ 7,923

In 1999, additional consideration paid, based on earnings subsequent to the acquisition date, amounted to \$2,254,497. In 1998, additional consideration paid, based on earnings subsequent to the acquisition date, amounted to \$5,450,059, where \$703,791 was paid through the issuance of Common Shares. These amounts were added to goodwill. Any future additional consideration will be recorded as goodwill when it becomes determinable.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998

10. NOTES PAYABLE

In connection with various acquisitions, the Company has issued notes payable to former shareholders of acquired businesses. Certain of these notes are payable in cash with portions thereof convertible into Common Shares of the Company at the option of the holder. These notes are non-interest bearing and are summarized as follows:

(in thousands of dollars)	1999	1998
Notes payable in cash	\$ 328	\$ 3,270
Notes convertible into 65,214 (1998 – 45,414) common shares	1,045	800
	\$ 1,373	\$ 4,070

11. UNUSUAL ITEMS

In 1998, the Company recorded unusual and one-time charges of \$16.1 million. The charges reflect the restructuring of the business in several areas and the impact of several aspects of the 1998 amendments to the PTC Agreement. The unusual items in 1998 were as follows:

- i) Goodwill on acquisition - \$2.5 million - In 1997, the Company acquired Audros Technology ("Audros"), a developer of Product Data Management ("PDM") software targeted at Fortune 500 companies. With the expanded customer base of over 10,000 customers under the 1998 amended PTC Agreement, management decided to refocus the Audros product line to target small to mid-sized customers. Core elements of the software are now being used to develop niche applications in the MDA market. As a result of the change in product focus and the level of development required in the future, existing goodwill was deemed to be permanently impaired and, as a result, written off.
- ii) Software inventory writedowns - \$3.3 million - The 1998 amendments to the PTC Agreement provided the Company with access to software which made the investment in certain software redundant. As a result, the Company wrote off the carrying value of this previously purchased software.
- iii) European restructuring - \$2.7 million - A decision was made in the third quarter of 1998 to restructure the Company's European operations in order to take advantage of economies of scale. The Company established a European headquarters in the Republic of Ireland and certain administrative and management functions were centralized in Ireland. Anticipated charges in connection with the elimination of redundant activities in the European offices were accrued.



Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



- iv) Eastern European Licenses - \$6.1 million - In April, 1998, the Company acquired from PTC the exclusive right to distribute Pro/ENGINEER software and related products in Eastern Europe for the period April 1, 1998 to June 30, 1999. In connection with this agreement, the Company was required to make payments to PTC on account of prepaid license fees. Subsequent to April, 1998, partly as a result of political and economic conditions in the region, revenue and operating results from the region were less than anticipated. As a result, the Company wrote off these prepaid amounts.
- v) Start-Up Costs - \$1.5 million - The Company incurred \$1.5 million in salary, training and other related costs in connection with the start-up of the new PTC business.

12. INCOME TAXES

Substantially all of the Company's activities are carried out through operating subsidiaries in various countries. The effective tax rate depends on the tax legislation in each country and the operating results of each subsidiary.

The provision for income taxes reflects an effective tax rate which differs from the corporate tax rate for the following reasons:

(in thousands of dollars, except percentages)	1999	1998
Combined basic Canadian federal and provincial income tax rate	43.0%	42.3%
Provision (recovery) for income taxes based on above rate	\$ 7,506	\$ (1,967)
Increase (decrease) resulting from:		
Permanent differences	871	192
Lower rate on earnings of U.S. subsidiaries	(1,570)	(111)
Lower rate on earnings of International subsidiaries	(640)	(326)
Losses of subsidiaries not tax benefitted	2,837	4,385
Losses of subsidiaries tax benefitted	(4,019)	—
Tax deductible goodwill	537	688
Provision for income taxes per statements of operations	\$ 5,522	\$ 2,861

The Company has income tax loss carry forwards of \$26,861,000 available for carry forward against taxable income, including \$17,400,000 (1998 - \$10,800,000) that have not been recognized in these financial statements. The losses expire as shown in the table below:

(in thousands of dollars)	Non-Capital Losses	Capital Losses
2001	\$ 770	\$ —
2002	400	—
2003	8,400	2,200
2004	3,130	—
Unlimited carry forward	4,700	—
	\$ 17,400	\$ 2,200

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



13. CONSOLIDATED CASH FLOW - CHANGES IN OPERATING ASSETS AND LIABILITIES OTHER THAN CASH

(in thousands of dollars)	1999	1998
Accounts receivable	\$ (15,629)	\$ (22,493)
Inventory	(30)	(146)
Prepaid expenses and deposits	(5,431)	(18,452)
Accounts payable and accrued liabilities	(10,214)	21,537
Income taxes	5,738	(11,110)
Deferred revenue	1,526	13,650
	\$ (24,040)	\$ (17,014)

A summary of the amount of interest paid and income taxes paid for 1999 and 1998 is presented in the following table:

(in thousands of dollars)	1999	1998
Interest received (paid)	\$ (1,943)	\$ 166
Income taxes received (paid)	\$ 758	\$ (11,847)

14. SEGMENTED INFORMATION

The Company operates primarily in one industry in North America, Europe and Asia Pacific. Results of operations for these geographic locations are as follows:

(in thousands of dollars)	Revenue		Income (Loss) Before Taxes		Total Assets	
	1999	1998	1999	1998	1999	1998
North America	\$ 228,760	\$ 166,563	\$ 13,154	\$ 3,680	\$ 114,919	\$ 108,953
Europe	204,350	129,572	5,120	(6,434)	80,453	73,161
Asia Pacific	7,301	3,506	(819)	(1,898)	4,183	2,828
	\$ 440,411	\$ 299,641	\$ 17,455	\$ (4,652)	\$ 199,555	\$ 184,942

Revenue by product group is as follows:

(in thousands of dollars)	Software		Hardware		Services	
	1999	1998	1999	1998	1999	1998
North America	\$ 83,766	\$ 38,219	\$ 85,230	\$ 86,739	\$ 51,212	\$ 41,605
Europe	73,805	36,619	70,462	51,245	68,635	41,707
Asia Pacific	2,090	842	3,163	1,783	2,048	882
	\$ 159,661	\$ 75,680	\$ 158,855	\$ 139,767	\$ 121,895	\$ 84,194

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



15. RELATED PARTY TRANSACTIONS

Transactions with Randvest Inc. ("Randvest"), Precision Analysis Inc. ("PROCISION") and Rand Engineering Corporation ("Rand Engineering"), each of which is owned in whole or in part by certain directors of the Company, were as follows:

(in thousands of dollars)	1999	1998
Management fees paid to Randvest	\$ 337	\$ 126
Rent, including utilities, paid to Randvest	\$ 544	\$ 588
Software purchases from PROCISION, included in cost of sales	\$ 205	\$ 475
Management services payments received from PROCISION and Rand Engineering	\$ —	\$ 428

The Company leases an office in Germany from senior German management at an annual amount of \$240,000. The management fees and rent are charged at rates that approximate fair market value.

At the end of the year, the amounts due to the related parties were as follows:

(in thousands of dollars)	1999	1998
Randvest	\$ 70	\$ 211
PROCISION	\$ 197	\$ 481

16. COMMITMENTS

(a) Master Distributor Agreement

The amended Master Distributor Agreement with PTC provides the Company with the exclusive right to sell PTC products to companies in North America and Europe that have revenues under predetermined amounts, and the non-exclusive right to sell to larger accounts, also under a predetermined size. The size of company that RAND Worldwide is permitted to sell to increases every year, subject to the achievement of certain performance benchmarks. The Company's rights to continue to distribute PTC products is subject to the achievement of these performance benchmarks.

Notes to Consolidated Financial Statements

Rand A Technology Corporation
December 31, 1999 and 1998



(b) Lease Commitments

The Company operates from leased premises and has other obligations under operating leases requiring annual rental payments as follows:

(in thousands of dollars)

2000	\$ 5,934
2001	4,421
2002	2,927
2003	1,817
2004	1,267
Thereafter	809
	\$ 17,175

17. PRIOR YEAR FINANCIAL STATEMENTS

Certain prior year figures have been reclassified to conform to the current year basis of presentation.



International Client Listing



3COM Corporation	CharBroil	Fluidmaster
3M	Charitableway.com	Fluke Corporation
A.T. Cross Company	CMP Design	Ford Motor Company
ABB Turbinen GmbH	Colt's Manufacturing Company	FSI International, Inc.
Adam Opel AG	Com Dev Ltd.	Fujitsu
Alcan Aluminum Corporation	Compaq Computer Corporation	Gates Rubber Company
Alcatel SEL AG	Consolidated Diesel Company	GEC Marconi Systems
Allied Signal Aerospace Canada	Converse Inc.	GenCorp
Alta Vista	Cooper Industries	General Electric
Amana Refrigeration, Inc.	Corning, Inc.	General Motors
AMP Connectors	Cray Research Incorporated	Getrag GmbH & Cie.
Amphibico	CRS Robotics	Glaxo Wellcome, Inc.
ASEA Brown Boveri	Cummins Engine Co., Inc.	Goodyear Tire & Rubber
Audi AG	Cutler-Hammer	Hallmark Cards
Babcock and Wilcox	Daimler Benz Aerospace Dornier	Harley-Davidson, Inc.
Ballard Power Systems Inc.	Dana Corporation	Hasbro, Inc.
BASF AG	De Havilland, Inc.	Herman Miller
Bauer Inc.	Deere & Company	Hermann Pfafter GmbH & Co.
Bausch & Lomb Inc.	Dresser Industries	Heroux Inc.
Becker Automotive Systems GmbH	Drexel Heritage	Hewitt Equipment Limited
Becton Dickinson	Dunlop	Hitachi Computer Products, Inc.
Bissell, Inc.	Dupont Canada	HONDA MOTOR CO.
Black & Decker Canada Inc.	Dynamics Corporation of America	Honeywell, Inc.
Bombardier Inc.	Dynapro Systems Inc.	Hughes Space & Communications Co.
Borbet Leichtmetallrader GmbH	Eastman Kodak Company	Husky Injection Molding Systems Ltd.
Bosch Automotive Motor Systems	Eaton Corporation	Igloo Inc.
Bose Corporation	Eaton Engineered Fasteners	Ignition Inc.
Braun	eBay	Inco Limited
Bridgestone/Firestone Inc.	EDS	Indal Technologies, Inc.
Burton Snowboards	Electrohome Limited	Ingersoll-Rand
Canadian Marconi Company	Eli Lilly & Company	Inglis Limited
Canadian Progressive Tool & Transfer	Empak, Inc.	Insight Health
Cardwell-Westinghouse	Ericsson, Inc.	Intel Corporation
Carl Zeiss	Evenflo Company, Inc.	International Gaming Technology
Carrier Corporation	Ferrero OHG m.b.H.	Irvin Industries
Case Corporation	Fireking International	ITT Cannon Industries
Caterpillar	First American National Bank	Jacobs Vehicle & Equipment Company
	Fisher Price	Jeep Truck Engineering



International Client Listing



John Deere	NASA	Spielo Gaming International
Johnson & Johnson	NEC	Staff GmbH & Co. Kg
Johnson Controls	Newbridge Networks Corporation	St. Louis Music
Keilhauer Industries Limited	Nike, Inc.	Stanley Tools
Kenworth Trucks Pty Ltd.	Nordic Track	Steelcase, Inc.
Komatsu American International Company	Nortel Networks	Sunbeam Household Products
KUBOTA	OLYMPUS OPTICAL CO.,LTD.	Sunkist Growers Inc.
Kwikset Corporation	Orion Bus Industries	Tag Design
Landis & Gyr Inc.	Osteonics	Teledyne Larrs
La-Z-Boy	OTIS Elevator Company	Texas Instruments Inc.
Lear Corporation	Palm Computing	The Coca-Cola Company
Lexmark International	Panasonic	The Gillette Company
Lifetime Products	Panavision	The Hoover Company
Liftking Industries, Inc.	Parker Hannifin	The Toro Company
Litton System, Inc.	Pfizer Medical Technology Group	Thomson Electronics
Lockheed Martin	Philips	Three-Five Systems Inc.
Loral Data Systems	Pitney Bowes Corp.	Toshiba Corporation
Lucent Technologies	Pioneer Electronics	Toyota
Lufthansa	Raytheon Co.	Tri-Mark Corporation
Mannesmann Demag	Refac	TRW
Marine Mechanical Corporation	Retractable Technologies	U.S. Filter
Matsushita Communication Industrial	RICOH Company	United States Surgical Corporation
Matsushita Electronics GmbH	Robert Bosch Corporation	UT/Pratt & Whitney
Maytag	Rockwell International/Allen-Bradley	Viking Corporation
Medtronic	RollerBlade, Inc.	Vision Pharmaceutical L.P.
Mercedes Benz	Rubbermaid Commercial Products	Volkswagen AG
Microsoft Corporation	SANYO	Volvo Penta of the Americas
Milltronics Ltd.	Schneider USA	Wacker Corporation
Mitel Corporation	SEIKO EPSON	Warner Lambert
Mitsubishi Electronics America	SHARP CORPORATION	Welch Allyn Inc.
Moen, Inc.	Siemens AG	Westinghouse Electric Corp.
Montgomery Kone	SKF Linearsysteme GmbH	Whirlpool Inglis Corporation
Moroso Performance Products	Skyjack	Winegard Company
Motorola, Inc.	Sloan Valve	Xerox Canada
MPM Corporation	Snap-On, Inc.	Yale Security
MyWay.com	Sony Electronics Inc.	Zenith Electronics Corp
	Spar Aerospace Limited	Zip2



UNITED STATES

Atlanta	Georgia
Boca Raton	Florida
Boston	Massachusetts
Camden	New Jersey
Charlotte	North Carolina
Chicago	Illinois
Cincinnati	Ohio
Cleveland	Ohio
Dallas	Texas
Denver	Colorado
Detroit	Michigan
Durham	North Carolina
Encino	California
Grand Rapids	Michigan
Hartford	Connecticut
Houston	Texas
Indianapolis	Indiana
Kansas City	Kansas
McKinney	Texas
Milwaukee	Wisconsin
Minneapolis	Minnesota
Nashville	Tennessee
Newport Beach	California
Oklahoma City	Oklahoma
Orlando	Florida
Phoenix	Arizona
Portland	Oregon
Rochester	New York
Santa Clara	California
Seattle	Washington
St. Louis	Missouri

CANADA

Calgary	Alberta
Montreal	Quebec
Ottawa	Ontario
Toronto	Ontario
Vancouver	British Columbia

ASIA PACIFIC

Kuala Lumpur	Malaysia
Melbourne	Australia
Penang	Malaysia
Singapore	Singapore
Sydney	Australia
Tokyo	Japan

EUROPE

Linz	Austria
Minsk	The Republic of Belarus
Brussels	Belgium
Praha	The Czech Republic
Prerov	The Czech Republic
Copenhagen	Denmark
Durham	England
London	England
Nottingham	England
Jarvenpaa	Finland
Jyvaskyla	Finland
Kuopio	Finland
Bidart	France
Lyon	France
Nantes	France
Paris	France
Savoies	France
Strasbourg	France
Toulouse	France
Berlin	Germany
Ellwangen	Germany
Hamburg	Germany
Hannover	Germany
Karlsruhe	Germany
Koln	Germany
Langen	Germany
Leipzig	Germany
Lindau	Germany
Munich	Germany
Rottweil	Germany
Saarbrücken	Germany
Stuttgart	Germany
Cork	Ireland
Dublin	Ireland
Lisburn	Northern Ireland
Bologna	Italy
Milan	Italy
Napoli	Italy
Padova	Italy
Rome	Italy
Torino	Italy
Breda	The Netherlands
Warsaw	Poland
Wroclaw	Poland
Moscow	Russia
St. Petersburg	Russia
Aberdeen	Scotland
Bratislava	The Slovak Republic
Presov	The Slovak Republic
Zilina	The Slovak Republic
Barcelona	Spain
Madrid	Spain
Vizcaya	Spain
Goteborg	Sweden
Hudiksvall	Sweden
Karlstad	Sweden
Malmo	Sweden
Stockholm	Sweden
Yverdon	Switzerland
Zurich	Switzerland



DIRECTORS

Dennis Semkiw

Chairman of the Board, RAND Worldwide
President, Randvest Inc.

Brian Semkiw

Chief Executive Officer, RAND Worldwide

Frank Baldesarra

President and Chief Operating Officer
RAND Worldwide

Ron Baldesarra^{1 2}

President, Rand Engineering Corporation

Roberto Bettega³

Vice President, Juventus F.C. s.p.a.

Joe DiNucci^{2 3}

Executive Vice President
Click2Learn

Nick Mancini^{1 2}

Executive Vice President, Sales and Marketing
Trimark Investment

David Toswell^{1 3}

Barrister & Solicitor, Blake, Cassels & Graydon LLP

OFFICERS AND EXECUTIVE MANAGEMENT

Dennis Semkiw

Chairman of the Board, Secretary/Treasurer

Brian Semkiw

Chief Executive Officer

Frank Baldesarra

President and Chief Operating Officer

Rui Malhinha

Chief Financial Officer

Dennis Visentin

Executive Vice President, Engineering

Kamal Cheballah

Vice President, Research & Development

Wilfried Fakner

Vice President, Sales, Europe, German Region

Anne Frese

Vice President, Human Resources

Marc LeGraive

Vice President, Sales, Northern Europe

¹ member of the Audit Committee

² member of the Compensation Committee

³ member of the Corporate Governance and Nominating Committee

CORPORATE HEAD OFFICE

5285 Solar Drive, Mississauga, Ontario Canada L4W 5B8

Telephone: 905 625 2000

Facsimile: 905 625 2035

INVESTOR INFORMATION

The Common Shares of the Company are traded on The Toronto Stock Exchange under the symbol **RND**.

General inquiries about the Company and requests for information should be directed to:

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5285 Solar Drive, Mississauga, Ontario L4W 5B8

Telephone: 905 625 2000

Facsimile: 905 625 8535

Email: investor@rand.com

Internet Address: <http://www.rand.com>

REGISTRAR & TRANSFER AGENT

CIBC Mellon Trust Company

320 Bay Street, P.O. Box 1, Toronto, Ontario M5H 4A6

Telephone: 1 800 387 0825

416 643 5000

AUDITORS

Arthur Andersen LLP

1200 Two Robert Speck Parkway, Mississauga, Ontario L4Z 1H8

GENERAL COUNSEL

Blake, Cassels & Graydon LLP, Barristers and Solicitors

Commerce Court West, 28th Floor, Toronto, Ontario M5L 1A9

BANKERS

The Bank of Nova Scotia

44 King Street West, 16th Floor, Toronto, Ontario M5H 1H1

ANNUAL MEETING OF SHAREHOLDERS

The Annual General and Special Meeting of Shareholders will be held on Wednesday, May 17, 2000 at 11:00 a.m. in the Vanity Fair Ballroom, Le Royal Meridien King Edward, 37 King Street East, Toronto, Ontario M5C 1E9.





Technology changes.
Relationships last forever.



www.rand.com